

Education and Workforce Development Cabinet

Kentucky's annual jobless rate jumps to 26-year high of 10.5 percent in 2009

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FRANKFORT, Ky. (March 4, 2010) — Kentucky's annual unemployment rate surged in 2009 to 10.5 percent from 6.6 percent in 2008, making it the highest annual rate in Kentucky since 1983 when it was 11.3 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

The U.S. annual unemployment rate climbed to 9.3 percent in 2009 from 5.8 percent in 2008, making it the highest annual U.S. unemployment rate since 1983 when it was 9.6 percent. The U.S. annual unemployment rate was 1.2 percentage points below Kentucky's annual jobless rate in 2009.

"Kentucky's economy suffered under the weight of the recession in 2009, enduring employment losses both in the last year and over the last decade. Industrial job losses, reflecting the manufacturing slump, dominated the employment declines from 2008 to 2009. Next highest was the drop in the number of jobs in the trade, transportation, and utilities sector, as retrenchment by consumers reverberated throughout Kentucky's economy. In response, Kentucky's annual unemployment rate surged 3.9 percent to 10.5 percent, the highest level since 1983," said Dr. Justine Detzel, chief labor market analyst in OET.

Kentucky tied with Florida and Tennessee for the eighth highest annual unemployment rate among all states and the District of

Columbia in 2009. Kentucky was one of 16 states plus the District of Columbia that reported annual unemployment rates above the U.S. annual rate in 2009, while 33 states were lower than the national annual average and Missouri tied with the U.S. rate.

Annual unemployment rates increased in all 50 states and the District of Columbia from 2008 to 2009. North Dakota posted the lowest 2009 annual jobless rate in the country at 4.3 percent while Michigan had the highest annual rate at 13.6 percent.

In 2009, Kentucky's nonfarm payroll (agriculture and self-employed jobs excluded) plunged by 82,200 to 1,769,500 employees making it the lowest number of nonfarm jobs in Kentucky since 1998 when Kentucky's nonfarm employment stood at 1,752,700.

"This is the second consecutive year that Kentucky has lost jobs. A net total of 25,900 nonfarm jobs have been lost over the past 10 years," Detzel said.

Two of Kentucky's 11 major nonfarm job sectors listed in the North American Industry Classification System (NAICS) showed employment growth in 2009, while eight reported losses and one remained unchanged.

According to the annual employment data, Kentucky's educational and health services rose by 2,600 jobs in 2009 and has surged by 43,000 in the last 10 years. Within this sector, health care and social assistance industries, such as hospitals, nursing and residential care facilities and social assistance businesses, added 3,000 jobs in 2009 and have expanded by 39,200 jobs or about 22 percent in the past 10 years. Educational services in this sector include employees at private elementary, secondary and postsecondary schools along with other establishments that provide instruction and training. While educational services fell by 400 jobs in 2009, these organizations have contributed an additional 3,900 jobs in the last 10 years.

"General population growth, longer life expectancy and aging baby boomers help explain the continued expansion of health care employment," said Detzel.

The government sector, which includes public education, public administration agencies and state-owned hospitals, increased by 1,200 jobs in 2009. In the last 10 years, the sector has grown by 23,000 positions.

"This over-the-year expansion was driven by employment gains of 1,100 professionals in federal government, reflecting a base realignment and hiring at multiple federal agencies including a ramp up at a federal agency in preparation for data collection efforts. Despite the overall growth in the public sector, there were 600 fewer positions in local government education, which is indicative of job cuts at elementary and secondary public schools," Detzel said.

The number of jobs in the mining and logging sector remained the same from 2008 to 2009, but has increased by 2,300 jobs since 1999. Other industries included in the sector are forestry; oil and gas extraction; and support activities for mining.

On the down side, Kentucky's manufacturing sector plummeted by 31,900 jobs in 2009 for a total of 213,200 positions. In the last 10 years, 95,800 jobs have drained from the manufacturing sector.

"This is the ninth straight year the manufacturing sector has experienced employment losses. The pace of job losses increased significantly in 2009, making it the year with the largest manufacturing job loss on records dating back to 1990. The bulk of these employment losses occurred in the durable goods subsector," Detzel said.

Within the durable goods subsector, wood product manufacturing firms, machinery, appliances, equipment, and parts production companies, primary and fabricated metal plants, and transportation equipment factories together accounted for the loss of 22,900 jobs or about 18 percent.

"While most of the over-the-year job declines were seen in the durable goods subsector, the losses were felt across the board from the automobile-related industries to nondurable goods such as plastics, paper products, chemicals, and food. Nearly all manufacturers were hit by a constricting economy," said Detzel.

In the last 10 years, the manufacturing sector has withered by 31 percent. While the employment decrease was concentrated in the durable goods subsector, both the durable goods and nondurable goods subsectors have faced sizable employment losses in the past decade, said Detzel.

The trade, transportation and utilities sector tumbled by 18,700 jobs in 2009, and lost 18,800 over the past 10 years. It is the largest Kentucky sector with a total of 362,300 jobs. Within the sector in 2009, transportation, warehousing and utilities businesses decreased by 5,400 jobs, retail trade plunged by 8,800, and wholesale trade fell by 4,400.

"Consumers, constrained by emaciated nest eggs, waning home values, shrinking paychecks, and vanishing jobs have curtailed non-essential purchases in an effort to make ends meet," Detzel said. "As a result, the sector has contracted by nearly 5 percent in the last year."

The state's construction sector shrunk by 11,100 jobs or about 13 percent in 2009. The sector has declined by 13,400 jobs in the last 10 years.

"The majority of the employment losses in 2009 occurred in the specialty trade contractors industry. The maladies in the housing market, tighter credit delaying or halting construction projects, job cuts at commercial and residential construction companies and the closing of a residential construction firm contributed to the contraction in this sector," said Detzel.

Kentucky's professional and business services, a sector that includes professional, scientific and technical services, management of companies, and administrative and support management, declined by 10,900 jobs in 2009. This category also includes temporary help agencies that provide workers to other businesses on a contractual basis. In the last 10 years, the sector has ballooned by 18,600 jobs.

Other services, a sector that includes repair and maintenance; personal and laundry services; and religious, civic, and professional organizations, fell by 4,400 jobs in 2009. It has lost 5,500 jobs in the last 10 years.

Financial activities, a sector that includes finance, insurance, real estate, and rental and leasing, reported 3,600 fewer positions in 2009. In the last decade, the sector has expanded by 7,800 positions.

The state's leisure and hospitality sector dropped by 3,100 positions in 2009, but has grown by 16,800 jobs in the last decade. Within the sector are arts, entertainment and recreation, and accommodation and food services.

The information sector, which includes establishments involved in publishing, Internet activities, data processing, broadcasting and news syndication, lost 2,300 positions in 2009. It is down by 3,700 jobs compared to 1999.

The U.S. Bureau of Labor Statistics' estimate of the number of employed Kentuckians for 2009 was 1,862,872. This figure is down 49,298 from the 1,912,170 employed in 2008 but up 8,602 from 1999's total level of employment at 1,854,270.

The estimate of the number of unemployed Kentuckians for 2009 was 217,537, up 82,864 from the 134,673 unemployed in 2008 and up of 127,423 from 90,114 in 1999.

The estimate of the number of Kentuckians in the civilian labor force for 2009 was 2,080,409. This is up 33,566 from the 2,046,843 recorded in 2008 and up 136,025 persons from 1,944,384 in 1999.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count the number of people working. Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.